

DIRECTOR'S REPORT

JULY 1984

CALIFORNIA
POSTSECONDARY
EDUCATION
COMMISSION



The Director's Reports of the California Postsecondary Education Commission are a monthly series of papers about issues affecting colleges and universities in California. Copies are sent to Commissioners and to college and university officials for their information, and are available from the Commission offices at 1020 Twelfth Street, Sacramento, California 95814; telephone (916) 445-7933.

Recent reports include.

June-July 1982. Appropriations in the 1982-83 State Budget for the Public Segments of Postsecondary Education, High-Technology and Energy-Related Manpower in the West; Summary of Current Legislation

September 1982. The 1982-83 State Budget and the Public Segments of Postsecondary Education.

October 1982: The State's Fiscal Situation for the First Quarter, 1982-83, State Legislation; Recommendations Affecting Higher Education of the California Commission on Industrial Innovation.

December 1982: The State's Fiscal Situation in 1982-83 and Possible Effects on Postsecondary Education.

January 1983: Preliminary Review of Provisions in the 1983-84 Governor's Budget Regarding Postsecondary Education; Opening Fall 1982 Enrollments in California Colleges and Universities, Current Status of the "Investment in People" Programs.

February 1983: The 1983-84 Governor's Budget.

March/April 1983: Overview of the 1983-84 Governor's Budget for Postsecondary Education in California.

June 1983. Crucial Times: A Statement by Patrick M. Callan; Pending Decisions on the State's Budget for 1983-84 and Their Possible Impact on Public Postsecondary Education; Impact of 1982-83 Budget Constraints on the California Community Colleges. Results of a Commission Survey

July 1983. Appropriations in the 1983-84 State Budget for the Public Segments of Postsecondary Education.

October-November 1983: Testimony to the Assembly Special Committee on the California Community Colleges, East Los Angeles, October 26, 1983, by Patrick M. Callan; A Prospectus for California Postsecondary Education, 1985-2000.

December 1983: The State's 1983-84 Budget and Public Postsecondary Education; 1982-83 State Legislation.

January-February 1984. The 1984-85 Governor's Budget.

March 1984: California Higher Education, 1973-1983. A Ten-Year Retrospective on Thirty Trends in California's Colleges and Universities.

April 1984: Overview of the 1984-85 Governor's Budget for Postsecondary Education in California.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

A state agency created in 1974 to assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs through statewide planning and coordination

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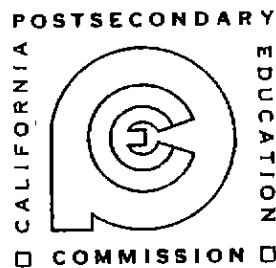
ALTERNATES

Celia I. Ballesteros, California State Univeristy
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DIRECTOR'S REPORT

JULY 1984

Appropriations in the 1984-85 State Budget
for the Public Segments of Postsecondary Education



CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1020 Twelfth Street, Sacramento, California 95814

Commission Report 84-27

July 1984

APPROPRIATIONS IN THE 1984-85 STATE BUDGET
FOR THE PUBLIC SEGMENTS OF POSTSECONDARY EDUCATION

On June 27, Governor George Deukmejian signed the 1984 Budget Act. Overall, the 1984-85 Budget totals \$31.2 billion (\$25.4 billion in general fund expenditures and \$5.8 billion in special funds and selected bond fund expenditures) -- a 18 percent overall increase and a 12.4 percent general fund increase over last year's expenditures (Table 1). Generally, the Legislature approved the Governor's proposed levels of expenditures, although it proposed significant augmentations to K-12 education, public assistance benefits, special education, and employee compensation, including funding of "comparable worth" salary inequities. The Governor vetoed \$360 million to restore the reserve for economic contingency to \$950 million and blue-penciled another \$383 million that would have provided funding for local government support, special education, K-12 school construction, and comparable worth compensation.

The following pages summarize the budget information available as of July 20. As in past years, a subsequent Director's Report will fully describe and analyze funding for 1984-85 for postsecondary education after official documents on the budget are published.

FUNDING LEVELS FOR THE PUBLIC SEGMENTS
AND THE STUDENT AID COMMISSION

Tables 2, 4, 6, and 8 show the overall support from the State for current operations for the three public segments of postsecondary education and the Student Aid Commission, compared to 1983-84 funding levels. Tables 3, 5, and 7 compare capital outlay appropriations in this year's budget to that received in the 1983-84 fiscal year. Finally, Figure 1 shows student fee levels at the University and State University for the past ten years.

*TABLE 1 State Expenditures in the 1984-85 Budget Act Compared
 to 1983-84 Expenditures*

	1983-84 Budget (in Billions)	1984-85 Budget (in Billions)
General Fund Expenditures	\$22.6	\$25.4
Special Fund and Selected Bond Fund Expenditures	<u>3.8</u>	<u>5.8</u>
TOTAL	\$26.4	\$31.2

Source: California Postsecondary Education Commission from 1983-84 and 1984-85 Budget Acts.

University of California

The University's \$1.4 billion in State support for current operations in 1984-85 represents a 22 percent increase over 1983-84 funding levels. The major difference between the Budget Act and the Governor's original proposal for a 30 percent increase for the University is that the Legislature eliminated \$65 million in State support for the Regents' contribution to the University's retirement system. The Governor has reserved money to replace the \$65 million if the Legislature approves special legislation for this purpose.

Highlight's of the University's 1984-85 budget include:

- \$115 million to fund employee compensation increases, including a total increase of 13 percent for faculty. This action will put average faculty salaries in 1984-85 slightly ahead of those projected for comparable institutions nationally.
- \$70 reduction in annual student fees -- from \$1,387 in 1983-84 to \$1,317 in 1984-85.
- \$10.5 million for deferred maintenance.
- \$21 million in increased funding for instructional improvements, including \$12 million for instructional equipment, \$4 million for instructional computing, \$2 million for the microelectronics research program, and \$500,000 for faculty research

*TABLE 2 University of California: Support for Current Operations
1983-84 and 1984-85*

	1983-84	1984-85
State General Funds	\$1,110,012,000	\$1,258,228,000
Augmentation for Employee Compensation	Not Applicable	115,470,000
Capital Outlay Funds for Public Higher Education (COFPHE)	12,729,000	-0 ^a
Energy and Resources Fund (ERF)	635,000	-0-
Other Funds	1,216,000	1,040,000
TOTAL	\$1,124,592,000	\$1,374,738,000

a. Support for Current Operations formerly provided by COFPHE and ERF funds is now being funded through General Funds. Thus the State General Fund totals for 1984-85 reflect an increase of \$13.4 million for functions previously supported by COFPHE and ERF funds.

Source California Postsecondary Education Commission, from 1984-85 Budget Act and 1984-85 Governor's Budget.

TABLE 3 University of California: State Support for Capital Outlay, 1983-84 and 1984-85

	1983-84	1984-85
Capital Outlay Fund for Public Higher Education	\$ 7,147,000	\$ 50,513,000
High Technology Education Revenue Bond Fund	<u>42,397,000</u>	59,655,000
TOTAL, State Supported Capital Outlay	\$49,544,000	\$110,168,000

Source. California Postsecondary Education Commission from 1983-84 and 1984-85 Budget Acts.

The California State University

The State University's \$1.15 billion in State support for current operations in 1984-85 represents a 21 percent increase over 1983-84 funding levels. The final 1984-85 budget for this segment is virtually identical to that originally proposed by the Governor, with only \$3.4 million (or less than 1 percent) in adjustments made by the Legislature.

Highlights of the State University's 1984-85 budget include:

- \$101.9 million to fund employee compensation increases, including a total increase of 10 percent for faculty. This action will put average faculty salaries in 1984-85 slightly ahead of those projected for comparable institutions nationally.
- A \$42 reduction in each student's annual fees -- from \$702 in 1983-84 to \$650 in 1984-85. This will establish fees within the ranges called for in AB 1251 (Moore, 1983)
- \$10.7 million for deferred maintenance -- including a \$7 million augmentation to begin reduction of a \$40 million backlog of deferred maintenance.
- \$19 million to support instructional improvements, including \$9 million for instructional equipment and nearly \$5 million for instructional computing.

TABLE 4 California State University: Support for Current Operations, 1983-84 and 1984-85

	1983-84	1984-85
State General Funds	\$948,000,000	\$1,050,562,000
Augmentation for Employee Compensation	Not Applicable	101,861,000
Capital Outlay Funds for Public Higher Education (COFPHE)	6,820,000	-0- ^a
TOTAL	\$954,820,000	\$1,152,423,000

a. Support for Current Operations formerly provided by COFPHE funds is now being funding through General Funds. Thus the State General Fund totals for 1984-85 reflect an increase of \$6.8 million for functions previously supported by COFPHE funds.

Source: California Postsecondary Education Commission, from 1984-85 Budget Act and 1984-85 Governor's Budget.

TABLE 5 California State University: State Support for Capital Outlay, 1983-84 and 1984-85

	1983-84	1984-85
Capital Outlay Fund for Public Higher Education	\$6,820,000	\$25,264,000

Source: California Postsecondary Education Commission from 1983-84 and 1984-85 Budget Act.

California Community Colleges

The Community Colleges' \$1.6 billion in State, property tax, and student fee support represents an overall increase of 10 percent over 1983-84 funding levels. Apportionment support of district operations will increase 10 percent, while support for the Chancellor's Office and Board of Governors will increase by a third and categorical program support will be up 15 percent. Half of the increase in categorical programs is accounted for by a shift of support for deferred maintenance from COFPHE fund to State General Funds.

Highlights of the 1984-85 budget for the Community Colleges include:

- \$3.7 million (8 percent) additional funding for EOPS and services to students with disabilities.
- \$77 million above the Governor's original proposal for apportionment support, which will allow funding of 1983-84 inflation, equalization, and growth provisions of SB 851 as modified by AB 1XX, as well as equalization and 4 percent of the 6 percent inflation called for in SB 851 for 1984-85
- \$8 million -- an increase of 100 percent -- for deferred maintenance needs.

TABLE 6 California Community Colleges: Support for Current Operations, 1983-84 and 1984-85

	1983-84	1984-85
Local Assistance - Apportionments		
State General Fund	\$1,016,069,000	\$1,035,689,000
Property Tax	404,000,000	454,200,000
School Fund	5,100,000	5,100,000
Student Fees	-0-	75,000,000
Subtotal, Apportionments	\$1,425,169,000	\$1,569,989,000
Local Assistance - Categorical Programs		
Extended Opportunity Programs and Services	\$ 24,691,663	\$ 26,713,000
Handicapped Students Programs and Services	21,878,000	23,634,000
Deferred Maintenance	4,000,000	8,000,000
Other	828,000	853,000
Subtotal, Categorical Programs	\$ 51,397,663	\$ 59,200,000
State Operations - Chancellor's Office and Board of Governors	\$ 3,864,000	\$ 5,149,000
TOTAL, State Funds, Property Tax Revenues, and Student Fees for Support of Current Operations	\$1,480,430,663	\$1,634,338,000

Source: California Postsecondary Education Commission, from 1984-85 Budget Act and data from the Office of the Legislative Analyst and the Department of Finance.

TABLE 7 California Community Colleges: State Support for Capital Outlay, 1983-84 and 1984-85

	1983-84	1984-85
Capital Outlay Fund for Public Higher Education	\$7,449,000	\$24,727,000
All Other State Funds for Capital Outlay	34,000	270,000
District Funds	<u>804,000</u>	<u>3,689,844</u>
TOTAL, State and District Matching Funds for Capital Outlay	\$8,287,000	\$28,686,844

Source: California Postsecondary Education Commission from 1983-84 and 1984-85 Budget Acts and 1984-85 Supplemental Language.

California Student Aid Commission

The Student Aid Commission's \$188 million budget for 1984-85 represents a 14.5 percent increase over 1983-84 funding levels. Overall State General Fund support will increase 11.6 percent, while funding from all sources for grants to students will increase 13 percent.

Highlights of the 1984-85 budget for the Student Aid Commission include:

- \$3 million to increase the number of new awards in the five major grant programs, the first such increases since 1975-76.
- \$7.8 million to increase the maximum award levels in each of the Commission's five major grant programs -- the first increases in award levels since 1981-82.
- Approximately \$11 million in additional funds to purchase defaulted student loans. Nearly \$9 million of this support will come from federal funds, while the additional \$2 million is funded from student insurance premiums.
- \$145,000 to fund two additional projects under the California Student Opportunity and Access Program.

TABLE 8 California Student Aid Commission: Support for Current Operations, 1983-84 and 1984-85

	1983-84	1984-85
EXPENDITURES FOR CURRENT OPERATIONS		
State Operations	\$ 9,537,000	\$ 11,646,000
Local Assistance Grants to Students	85,820,000	96,940,000
Purchase of Defaulted Student Loans	68,791,000	79,421,000
TOTAL, Expenditures for Current Operations	\$164,148,000	\$188,007,000
FUNDING SOURCES		
State General Funds	\$ 81,077,000	\$ 90,461,000
State Guaranteed Loan Reserve Fund	5,300,000	8,636,000
Federal Trust Fund	77,771,000	88,910,000
TOTAL	\$164,148,000	\$188,007,000

Source: California Postsecondary Education Commission from 1984-85 Budget Act and 1984-85 Governor's Budget

FUNDING LEVELS FOR OTHER INSTITUTIONS AND AGENCIES OF POSTSECONDARY EDUCATION

Support for the California Maritime Academy, Hastings College of the Law, and the California Postsecondary Education Commission reflected the overall commitment to higher education illustrated in the funding increases for the larger segments and the Student Aid Commission. Increases ranged from 16 percent for the Commission to 28 and 34 percent for the Academy and Hastings, respectively.

*TABLE 9 Summary of State General Funds for Current Operations
of Other Agencies and Institutions of Postsecondary
Education, 1983-84 and 1984-85*

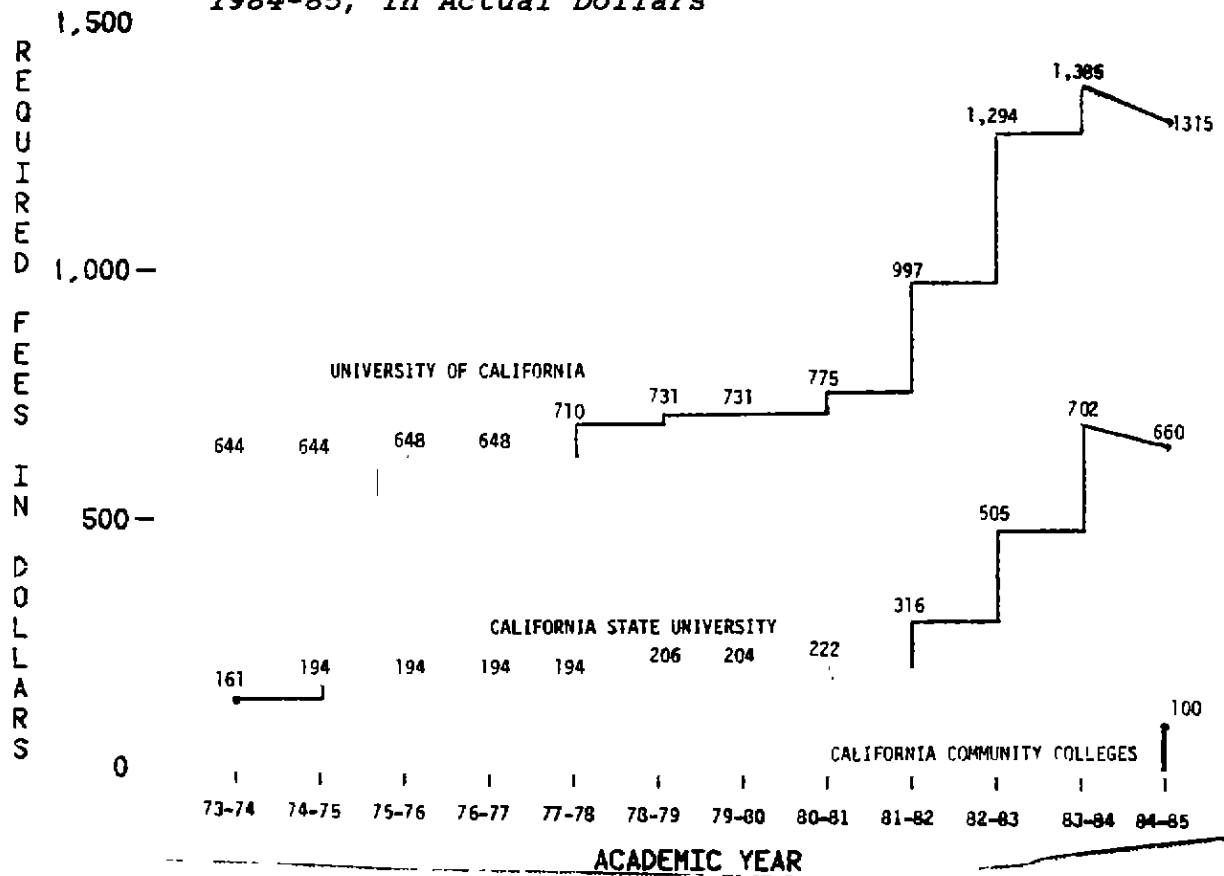
Agency or Institution	<u>1983-84</u>	<u>1984-85</u>
Hastings College of the Law	\$ 6,836,000	\$ 9,138,000
California Maritime Academy	3,809,000	4,874,000
California Postsecondary Education Commission	<u>2,466,000</u>	<u>2,869,000</u>
TOTAL, Agencies and Institu- tions of Postsecondary Education	\$13,111,000	\$16,881,000

Source. California Postsecondary Education Commission from 1984-85 Budget Act and 1984-85 Governor's Budget

REDUCTIONS IN STUDENT FEES

Figure 1 illustrates the history of student fees at the University, State University, and Community Colleges since 1973-74. For the first time in this period, fees at the University and State University will decrease, while Community College students will be charged a mandatory fee. Although the Legislature has not yet adopted a comprehensive fee policy for the University and State University, its desire for a long-term policy in this subject is clear from its request for the involved parties (the segments, students, legislative analyst, Department of Finance, and Commission staff) to continue their discussions and report recommendations to the Legislature by January 1, 1985.

FIGURE 1 Resident Undergraduate Required Fees at the California Community Colleges, the California State University, and the University of California, 1973-74 Through 1984-85, in Actual Dollars



Source: California Postsecondary Education Commission.